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ANNUAL REPORT OF THE ADMINISTRATOR FOR 1996 AND RELATED MATTERS

CHANGE MANAGEMENT: UNDP 2001

UPDATED PROPOSALS

UPDATED PROPOSALS ARISING FROM CONSULTATIONS WITH THE EXECUTIVE BOARD

I. PURPOSE

1. Advance copies of document DP/1997/16/Add.7 were circulated to Executive Board members in March 1997 as a framework for consultations. Discussions on this subject continued at the second regular session 1997 of the Board and subsequently at informal sessions on 11 April, 2 April and 1 May 1997. Through these meetings, Board members have provided guidance to the Secretariat on a number of policy matters.

2. The Executive Board is an active participant in the change process and its members will see the guidance they have already given to the secretariat reflected at the 1997 annual session. Accordingly, the present working paper sets out those elements of the change package that have been further clarified or revised through the consultative process and updates earlier proposals in the light of those discussions.

3. The updated or revised proposals relate to six policy issues that have been grouped according to three defining characteristics of the new UNDP, as presented in DP/1997/16/Add.7. The six policy issues are: (a) the accountability of the resident coordinator; (b) the role of resource mobilization in UNDP, its policy context and its relationship to programme country needs; (c) the rationale and plan for establishing the proposed subregional facilities, including estimated costs; (d) the place of the Evaluation Office in the new UNDP structure; (e) the possibility of

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decentralizing the regional bureaux; and (f) the respective roles of the Office of United Nations System Support and Services (OUNS) and the Emergency Response Division (ERD) in dealing with humanitarian emergencies.

II. UPDATED PROPOSALS

A. Country focus

1. The accountability of the resident coordinator and the role of the Office of United Nations System Support and Services

4. The resident coordinator is ultimately accountable to the Secretary-General for the effective coordination of United Nations system activities at the country level. He/she will report to the Secretary-General through the Administrator of UNDP in his/her capacity as convenor of the Executive Committee of the Development Cooperation Group.

5. OUNS will support the Administrator in discharging his/her oversight of the effective functioning of the resident coordinator system. OUNS will become more of an inter-agency unit, with about half its total staff seconded from other United Nations entities. The unit is expected to remain lean. It will be dedicated to strengthening the resident coordinator system and to promoting ownership of that system by other United Nations entities. Other United Nations funds and programmes have renewed their commitment to these goals.

6. The UNDP regional bureaux will be responsible for the UNDP programme but not for the resident coordinator per se. The regional bureaux will support the operational activities of the resident coordinator as co-owners of the resident coordinator system. Such operational and system-wide activities will include: preparation and monitoring of the country strategy note (CSN); increased attention to common country assessments (CCAs); and support for the round table and Consultative Group meetings.

2. The role of resource mobilization in UNDP

7. In many programme countries, UNDP core resources alone are insufficient to make a significant difference in the fight against poverty. The principle of the resource mobilization target (RMT), approved by the Executive Board and now part of each country cooperation framework (CCF), acknowledges this fact. Under the resource mobilization strategy, country offices will be asked to give more attention to the RMT in order to attract more funds for nationally defined sustainable human development (SHD) goals.

8. In paragraph 9 of decision 95/23, the Executive Board recognized the importance of non-core resources, including cost-sharing and non-traditional sources of financing, as a mechanism to enhance the capacity and supplement the means of the United Nations Development Programme to achieve the goals and priorities as specified in decision 94/14. Accordingly, UNDP mobilizes resources, not for the organization itself, but in order to finance national

programmes and capacity development in SHD and to maximize the impact of its core resources. Resource mobilization is undertaken with the support of the programme country Government. Funds raised by UNDP in the exercise of the resident coordinator function need not be channelled through the organization but should serve the goals of promoting SHD.

9. Policy consistency must be maintained in mobilizing non-core programme resources and the impartiality of UNDP must be preserved. Resident representatives will be accountable for ensuring that all resources mobilized at the country level: (a) fit into the UNDP SHD programming framework; (b) meet the same criteria applied to all programmable resources; (c) support approved CCFs. Non-core resources mobilized under CCFs will remain subject to Executive Board scrutiny through mid-term reviews and programme evaluations. The proposed doubling of the UNDP resource base should be seen as an internal target intended to alert country offices to untapped potential in the context stated in paragraph 7 above.

10. Co-financing opportunities should be developed in a coordinated manner observing due protocol with donors and taking all steps to avoid unsolicited approaches to donor capitals.

11. Resident representatives should leverage resources within the CCF as part of their regular programme work in the focus areas of UNDP. Performance appraisals should provide incentives to encourage them to identify legitimate opportunities for mobilizing non-core funds at the country level. Such appraisals should recognize that not all countries provide the same opportunities and should take regional and national situations and prospects into account. The strong positive correlation that exists between vigorous resource mobilization and high delivery, especially where core resources are used to seed larger, high-disbursing projects, should be brought to the attention of all country offices.

12. As background, it may be noted that official development assistance has declined, and with it, the core resources that are the base of the UNDP programme. While every effort must be made to reverse this disturbing trend, it presents a new reality that calls for new thinking about the role of core resources. Unless those resources are used as base funds for leverage, UNDP could become a less effective development organization in the future.

3. Subregional resource facilities (SURFs)

13. Country offices need context-sensitive technical support to help programme countries to achieve their national SHD goals. UNDP cannot provide such support effectively from headquarters given the diverse requirements of different regions. Nor, with limited resources, can it build that type of support capacity in each country office. The proposed SURF system will re-locate the technical backstopping of country offices from headquarters to the subregional level. A technical group has been formed to address issues arising in the SURF system, including the costs, final number and criteria for the location of the facilities.

14. The SURF system is not another management level. It is a technical service to country offices. The system will place two technical functions - expert referrals and the capture of best practices in SHD - in subregional nodes linked to a small global hub at headquarters. The first function will improve the quality, relevance and responsiveness of the support UNDP offers programme countries through its country offices. The second will strengthen its institutional knowledge base with country- and region-specific information and experience. Each SURF will be located in a country office. The regional bureaux will oversee the management of the system, while the Policy Bureau will provide substantive guidance.

15. SURFs will tap into United Nations system and non-governmental organization (NGO) expert networks and will not duplicate existing expertise. They will operate increasingly in a United Nations system context and will develop with regional commissions and United Nations funds and agencies in the field a menu of services based on the respective comparative advantages of each United Nations entity. To this end, UNDP will work closely with the United Nations Children's Fund (UNICEF), the United Nations Population Fund (UNFPA) and other funds and agencies that are decentralizing their technical support functions.

16. While the two UNDP staff foreseen for each facility will be covered by the core budget, expert services through the SURFs will be demand-driven. SURFs that generate strong country office interest in their services will flourish. Those that do not will be phased out. The system will thus be self-regulating. Moreover, it will make the maximum use of local experts and national talent, thereby not only tapping but strengthening country capacity.

17. SURFs will be introduced gradually to allow for adjustments in the light of experience. One facility per region will be established each year over three years. The one-time start-up costs of the system are estimated at about $2.5 million and annual operating costs of the full system at approximately $6.5 million. These estimates will be confirmed in the budget proposals for the 1998-1999 biennium. A plan for operationalizing the SURF system is part of the implementation plan being presented to the Executive Board at the current session (DP/1997/CRP.16).

B. Effectiveness and impact

The independence of the evaluation function

18. It is critical to ensure the independence and effectiveness of the evaluation function in the new UNDP. This will be achieved by: (a) maintaining the Evaluation Office as a separate unit, the head of which will report directly to the Administrator on the results and performance of UNDP programmes; (b) using professional evaluators to carry out the function; (c) maintaining annual reports to the Executive Board through the Administrator on evaluation plans, activities and compliance rates and providing the Board with strategic evaluation findings; (d) holding regional bureaux and resident representatives accountable for compliance with mandatory evaluation schedules; and (e) providing for sanctions in cases of non-compliance with accepted evaluation findings.

19. It is also essential to close the loop between evaluation, learning, programme policy development and programme quality. This will enable UNDP to manage by results and build itself into a knowledge-based organization.

20. The relationship between evaluation and learning will be promoted through a series of measures. At headquarters, the Development Study and Learning Committee, consisting of representatives of the Evaluation Office, the Policy Bureau and the Human Development Report Office, will meet regularly to identify linkages and provide feedback from work in their respective areas on a continuous basis. At the country level, following the decentralization in 1997 of the central evaluation database (CEDAB), country offices will make more use of evaluation findings in programme and project design. A training package on how to use CEDAB, which now has a more user-friendly interface, is available to country offices. In addition, the Evaluation Office will maintain and expand its series of publications on "Lessons Learned", including its annual review of evaluation findings.

C. Structure and infrastructure

1. Decentralizing the regional bureaux

21. The new UNDP structure reorganizes three distinct components or functions: headquarters being those units whose functions concentrate on organizational policy, a global knowledge base, advocacy, management oversight and quality control, and global resource mobilization; operating units, comprising the country offices and the regional bureaux; and common administrative and financial services. In theory, only headquarters units need be located in New York.

22. In the light of the above theoretical principles, careful thought has been given to relocating the regional bureaux in the field. The decision not to decentralize these bureaux at this time is based on the following practical considerations.

23. First, the overall decentralization plan is at an early stage and there remains a need within operations for strong management oversight and guidance from headquarters to manage the transition. The regional bureaux will provide that oversight and management. Second, the reorganization of headquarters into corporate and operations groups is a new move. Quite a few linkages between the two groups, as well as mechanisms, functions and processes that currently involve both, still have to be clarified and new tools and practices put into effect before the proposed headquarters management structure, including an effective Executive Committee, will fully materialize. Maintaining the regional bureaux at headquarters will allow them to play their role in developing these new structural mechanisms and provide a degree of continuity through change in headquarters-country office relations. Third, the reform process at United Nations Headquarters has recently entered a new, critical phase. Perspectives on operations in the regions should be reflected in that ongoing process, a task best accomplished by having the bureaux directors and their staff in New York. Finally, a UNDP interface with the Bretton Woods institutions in operational matters is considered important to the renewal of effective working relations

under the new cooperation arrangements recently worked out between UNDP, the World Bank and the International Monetary Fund. The regional bureaux currently provide that interface in their respective areas.

24. The location of the regional bureaux should be reviewed at the end of the 1998-1999 biennium in the light of results achieved through implementing the change proposals.

2. The roles of the Office of United Nations System Support and Services and the Emergency Response Division in humanitarian contexts

25. The division of labour between OUNS and the Emergency Response Division (ERD) is as follows. As noted in paragraph 5 above, OUNS is expected to develop into an inter-agency unit and will support and monitor the performance of the resident coordinator system in humanitarian situations on a United Nations-wide basis. ERD, on the other hand, will deal with the specific emergency responses and functions of UNDP. Since the latter functions are operational in nature, ERD will be relocated in the Operations Support Unit (OSU) as part of the Operations Group.

III. IMPLEMENTATION PLAN

26. The proposed strategy for implementing the change proposals and the corresponding time-frame and estimated costs are presented in conference room paper DP/1997/CRP.16, available to the Executive Board at the current annual session. The plan establishes milestones for measuring progress towards the objectives of the change process. It will constitute the basis of regular reports to the Board over the two-and-a-half years during which implementation will take place.